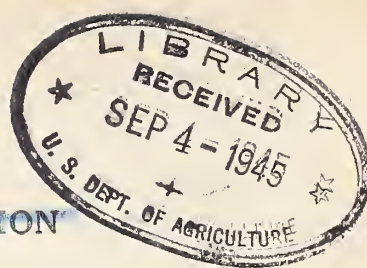


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FOREIGN CROPS and MARKETS

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L A T E C A B L E S

Egyptian Government has announced that until September 30 it will pay \$1.70 per bushel for corn, an increase of 43 cents per bushel.

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Private sources in Egypt indicate that the 1942 Egyptian cotton crop may amount to only 800,000 bales (of 478 pounds) compared with 1,671,000 in 1941 and 1,900,000 in 1940. The low estimate is based on the restrictions of acreage by recent legislation and the probable allocation of all available fertilizers for use in the production of food crops.

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Half of Belgium's 32 cotton-spinning mills operating at end of 1941 recently suspended operations for lack of sufficient raw material and fuel. Most weaving mills also closed.

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Argentine wool market disturbed due to uncertainty concerning developments in the United States, including rumors of further tariff reduction or entire suspension. Some American buying of fine and medium crossbreds but only small quantities of low crossbreds or carpet wool. Buenos Aires market active for all grades due to purchases by domestic mills and by exporters for speculation.

* * * * *

G R A I N SARGENTINA'S 1941-42 WHEAT CROP
REVISED UPWARD . . .

The second official estimate of the 1941-42 wheat crop of Argentina, placed at 227,809,000 bushels, was about 7 million bushels above the first estimate issued in December, according to cabled information received in the Office of Foreign Agricultural Relations. The 1940-41 harvest was recently revised upward to 299,458,000 bushels, or about 77 million bushels more than the average crop of the preceding 5 years.

Weather conditions during December were reported to have been favorable for growing crops in the coastal regions, but rainfall was deficient in the central part of the country. With no heavy rains to interrupt operations, the major part of the wheat crop was harvested by the end of the month. Crop conditions were particularly favorable in southeastern Buenos Aires. Yields for the whole country were generally fair to good, and quality was reported above average. In the Province of Entre Ríos and in northern Buenos Aires, returns were better than expected, but in Santa Fé and Córdoba they were generally only fair, while in La Pampa dry winds caused considerable damage and poor yields were reported in many sections.

ARGENTINA: Distribution of the domestic wheat crop, 1933-1941

Crop year	Production	Production plus carry-over	Domestic utilization	Exports a/	Carry-over on December 31 b/
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
1933-34	286,120	292,663	95,533	181,727	15,403
1934-35	240,669	256,072	92,023	146,313	17,736
1935-36	141,462	159,198	99,207	63,209	-3,218
1936-37	249,910	246,692	99,207	147,647	-162
1937-38	207,600	207,438	99,207	75,549	32,682
1938-39	379,142	411,824	101,044	179,378	131,402
1939-40	130,733	262,135	103,000	137,331	21,804
1940-41	299,458	321,262	103,000	89,934	128,328
1941-42	227,809	356,137	-	-	-

Compiled from official sources. a/ Wheat, including flour as grain, calendar years 1934-1941. b/ Carry-over calculated from official crop and trade statistics and reported domestic utilization.

Exports of Argentine wheat were on a reduced scale during 1941, amounting to about 90 million bushels, and the carry-over of old wheat on January 1, 1942, was heavy, almost equal to that from the record crop

of 1938-39. The total supply for the current marketing year therefore appears to have exceeded 350 million bushels. Annual domestic requirements usually average around 100 million bushels, but utilization within the country is likely to be stimulated by various artificial means, as was indicated by a recent estimate placed as high as 110 million bushels. Even so, the surplus available for export during 1942 or for carry-over on January 1, 1943, totaled around 250 million bushels.

ARGENTINA: Exports of wheat, including flour,
by country of destination, 1937-1941

Country of destination	1937	1938	1939	1940 <u>a/</u>	1941
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
United Kingdom	26,275	11,535	61,321	47,913	-
Belgium	14,189	5,213	21,200	5,556	-
Italy	26,820	624	3,501	3,981	-
France	1,586	360	286	555	-
Germany	5,764	4,745	1,727	-	-
Denmark	918	999	230	15	-
Greece	7,154	415	4,827	6	-
Netherlands	15,593	3,646	11,046	2,825	-
Norway	1,896	72	4,553	986	-
Portugal	98	549	589	2,424	-
Spain	463	<u>b/</u>	14,069	18,416	-
Sweden	463	2	235	57	-
Switzerland	50	210	3,594	2,457	-
Brazil	35,049	37,970	37,309	31,993	-
Peru	3,475	4,273	4,648	4,480	-
Bolivia	1,694	1,478	1,570	1,859	-
Chile	295	736	234	137	-
Paraguay	1,075	1,213	1,223	1,182	-
Others	4,790	1,509	7,216	11,509	-
Total	147,647	75,549	179,378 <u>c/</u>	136,351 <u>d/</u>	89,934

Anuario del Comercio Exterior de la Republica Argentina, except as noted.

a/ Reported by the Canadian Bureau of Statistics as furnished by the Director General of Statistics in Argentina; not exactly comparable with earlier years. b/ Less than 500 bushels. c/ Official monthly figures total 137,331,000 bushels, apparently because of difference in factor used to convert flour to wheat equivalent. d/ Preliminary; not yet available by countries of destination.

Of the wheat and flour exported by Argentina during 1941, the greater part went to European countries, principally the United Kingdom and Spain. Brazil probably took around 40 million bushels, and small amounts went to Uruguay and other South American countries. In 1940, about 137 million bushels were exported, of which the United Kingdom took around 48 million bushels, Spain 18 million, and Brazil 32 million

bushels. Unless many European markets now closed to overseas wheat are able to import, it appears that Argentina will be unable to ship as much wheat this season as last. Under an agreement with Spain, however, made on January 7, the Central Bank of Argentina arranged to sell nearly 6 million bushels to the Government of Spain. Shipment is expected to take place in Spanish boats within 4 months from date of agreement.

In spite of the heavy losses experienced during recent years in maintaining prices to producers, the Argentine Government on November 14, 1941, again authorized the Grain Board to purchase new-crop wheat at the fixed basic price of 6.75 pesos per quintal (about 55 cents per bushel at the official rate of exchange). (See Foreign Crops and Markets, December 1, 1941) This price was established for No. 2 wheat, on board car at Buenos Aires, with modifications to apply to deliveries at other ports and to other grades of wheat.

In earlier years, wheat purchased by the Grain Board was primarily intended for export, and the producers were left free to market their wheat elsewhere if they preferred. Under the current regulations, the authority of the Board extends to all transactions in wheat, whether for export or for domestic utilization. Last season millers could purchase from producers, provided they forwarded to the Grain Board the difference between the fixed price to producers and the resale price established for milling wheat of 9.00 pesos per quintal (73 cents per bushel). In limiting all purchases and sales to the Board, it was explained that this agency would be able to dispose of old-crop stocks first and thus lessen storage losses. It might also be pointed out that the Board would benefit from any increase over the fixed price to producers. Formerly, exporters would enter the market and relieve the Government of making wheat purchases when the local market advanced above the minimum-price guaranty. Now, there is no market price for domestic or export wheat except that at which the Board is willing to sell. The fixed minimum price to producers has become the maximum or the only price they will receive. The selling price of the Board for export wheat at Buenos Aires was recently quoted at 6.90 pesos per quintal (56 cents per bushel).

With large supplies on hand of corn and flaxseed, as well as of wheat, and limited storage facilities, the Argentine Government has recently taken several steps to meet the problem of storing surplus grain. The Board in December expropriated certain elevators belonging to the Corporación Americana de Fomento Rural in order, it was reported, to serve the interests of the country more acceptably. These elevators are reported to represent a storage capacity of about 143,000 short tons. Furthermore, the construction of 64 country elevators was authorized by the Ministry of Agriculture on December 13 with a total capacity of about 150,000 short tons. These are to be erected at specified points throughout the Grain Belt.

CANADA'S 1941 GRAIN PRODUCTION FURTHER REDUCED . . .

The third official estimate of Canada's 1941 grain crops showed decreases from the November estimate for all the grains except corn, which is relatively unimportant. Although more barley, oats, and corn were harvested this year than last, the great reduction in wheat production, 45 percent, and the smaller rye crop brought the total outturn below that reported for several years.

CANADA: Production of specified grain crops, 1935-1941

Year	Wheat	Rye	Barley	Oats	Corn
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
1935	281,335	9,806	83,975	418,995	7,765
1936	219,218	4,281	71,922	288,764	6,083
1937	180,210	5,771	83,124	285,220	5,415
1938	360,010	10,988	102,242	394,593	7,690
1939	520,623	15,307	103,147	408,432	8,097
Average	312,399	9,191	88,882	359,201	7,010
1940	540,190	13,994	104,256	404,309	6,956
1941	299,401	12,956	116,659	367,789	12,036

Dominion Bureau of Statistics, Ottawa.

The wheat crop was placed at 299.4 million bushels as compared with the revised 1940 estimate of 540.2 million bushels. Most of the decrease resulted from reduced seedings, 22.4 million acres against 28.7 million in the previous year, but unfavorable weather conditions in the Provinces of Saskatchewan and Alberta contributed to the decline. Higher yields per acre in Manitoba partially offset the small returns obtained in the other Prairie Provinces, but the total crop of the Prairies, which is all spring sown, was 234.8 million bushels smaller in 1941 than in 1940. Winter wheat, grown principally in Ontario, totaled only 16.5 million bushels as compared with 22.1 million in 1940. The production of Durum wheat was reduced by more than 50 percent and, placed at 4.2 million bushels, continued the decline of recent years from the 25 million bushels reported for 1937. With the introduction of rust-resistant varieties, such as Thatcher, Canadian farmers have shifted more and more from Durum types.

Although total stocks of wheat in Canada on July 31, 1941, the close of the 1940-41 marketing year were abnormally heavy at about 450 million bushels, the carry-over on farms in the Prairie Provinces was only 11.5 million bushels. This added to the new crop of 279 million bushels gave a wheat supply on Prairie farms for the current season of 290.5 million bushels. Home seed and feed requirements were estimated at 72.0 million bushels, and deliveries from the farms during the first 5.5 months of the season amounted to almost 154 million, leaving on

January 16 only 64.5 million bushels for delivery or carry-over on farms, as against the comparable estimate for last year of 191.4 million bushels. The latter figure, however, is based on the unrevised production figure for 1940. The estimated seed and feed requirements on farms for the current season were increased by 13.3 million bushels; about 44 million were allocated for livestock and poultry feed, as a result of the expansion in livestock production in these Provinces and the generally small crops of feed grains produced in Canada last year.

Although rye production in Canada was reduced last season, it was well above the average of the previous 5 years, as was true in the case of all the grains except wheat. The outturn of barley, 116.7 million bushels, was the largest reported since 1930 but was only about 12 million bushels above the 1940 crop. The production of oats was reduced from the large harvests of the previous 3 years but was somewhat above the 1935-1939 average. The 1941 corn crop, increased by 73 percent from the 7-million average, was the largest ever reported for Canada.

BRAZIL MODIFIES QUOTA LAW FOR DOMESTIC MILLS . . .

Under a decree issued December 30, 1941, the Brazilian Government modified an earlier law that provided for the establishment of consumption quotas for flour mills and fixed minimum prices to producers for domestic wheat (see Foreign Crops and Markets, February 24, 1941). The new decree requires that all the wheat produced in the country be acquired and milled by the small mills located in the wheat-producing areas of Brazil. The large mills, which are centered principally in coastal areas around Rio de Janeiro and Sao Paulo and are therefore able to secure imported wheat, will not use domestic grain but will pay a tax of 15 milreis per 60 kilograms (about 41 cents per bushel) on the quotas allotted to them each year. Presumably this tax roughly approximates the difference between the cost to these mills of imported and domestic wheat. The price to producers for the latter was fixed last year at 800 reis per kilogram (about \$1.32 per bushel) which would be materially increased by transportation charges from the producing areas.

Two-thirds of the proceeds from this tax will be used to encourage the domestic production of wheat. The remaining third will be paid to small mills for using the wheat allocated to the larger concerns that import wheat, in order to compensate the former for any difference between the prices of domestic and foreign wheat based on a comparison to be made every 15 days. When there is no difference, the entire tax will be applied to the fund for aiding domestic production.

V E G E T A B L E O I L S A N D O I L S E E D SALGERIA SHOWS INCREASED INTEREST IN
PRODUCTION OF VEGETABLE OILSEEDS . . .

Algeria has been faced with a shortage of both edible and mineral oils since imports were cut off by the outbreak of war in Europe in 1939. The country normally is an exporter of olive oil and imports substantial quantities of vegetable oils. In order to offset this loss, the Algerian Government is encouraging production of oil-bearing seeds. Experiments indicate that the three plants best suited to the climate and soil are flaxseed, sunflowers, and castor beans.

It is possible that the country's requirements of linseed oil might be supplied by domestic production, but Algerian requirements of edible and lubricating oils are so large that it is doubtful if sufficient quantities can be produced within the country to relieve the present shortage entirely.

Approximately 2,500 acres were sown to flaxseed for the 1941 crop, with a yield of from 16 to 19 bushels per acre. From this crop the Algerian Department of Agriculture carefully selected seed to plant 20,000 acres for 1942. The cost of producing flaxseed is about the same as for grains. It is reported that Government negotiations are under way to assure a sale price double that of soft wheat during a period of 5 years.

Several acres of castor beans were planted as an experiment in 1941, with satisfactory results. As an incentive to increase production during the current year, producers will be supplied with seed; given special allotments of lubricating oils; and priority will be granted for gasoline or similar fuel oils.

It is expected that sunflower seed will be planted in large quantities this spring, as prospects for the 1942 olive crop are poor. Experiments made in 1941 with seed imported from Morocco were very successful. It is hoped that seed produced from this crop will be sufficient to assure Algeria of a reasonable quantity of edible oil. In order to encourage the cultivation of sunflowers, the Government will permit producers to keep part of the oil for their own consumption, and have indicated that the selling price for seed will be attractive.

Olive oil is by far the most important vegetable oil in Algeria, but it is difficult to estimate total annual output. According to official statistics, the natives own 65 percent of the registered olive trees in bearing, and even in normal times they are not inclined to report total yield.

C O T T O N - O T H E R F I B E R SSWISS COTTON STOCKS DWINDLE
AS IMPORTS CEASE . . .

Cotton imports into Switzerland, arriving under British navicert, amounted to 15,400 bales (of 500 pounds gross) during the 4 months ended October 31, 1941, and have virtually ceased since that time. Stocks of cotton on hand at the end of July, estimated at 40,300 bales, were sufficient for less than 6 months' mill requirements. Swiss spinning mills consumed about 9,000 bales monthly during the first half of 1941 but have been restricted by law in recent months to about 70 percent of the pre-war normal of around 11,000 bales monthly, or approximately 7,500 bales. The outlook now is for still further reductions unless British navicerts can be obtained for further imports.

SWITZERLAND: Supply and distribution of
cotton, 1940-41

(In bales of 500 pounds gross)

Supply and distribution	American	Egyptian	African	Indian	Total
	<u>Bales</u>	<u>Bales</u>	<u>Bales</u>	<u>Bales</u>	<u>Bales</u>
<u>SUPPLY</u>					
Stocks on hand					
August 1	43,900	40,100	2,500	5,200	91,700
Imports	6,800	900	36,200	400	44,300
Total supply	50,700	41,000	38,700	5,600	136,000
<u>DISTRIBUTION</u>					
Consumption -					
By cotton mills	32,000	34,300	15,100	2,800	84,200
By other mills	3,800	0	7,700	0	11,500
Total	35,800	34,300	22,800	2,800	95,700
Stocks on hand					
July 31	14,900	6,700	15,900	2,800	40,300
Total distribution .	50,700	41,000	38,700	5,600	136,000

Compiled from official and trade sources.

Swiss authorities had hoped that importation into Switzerland would reach 9,000 bales of cotton each month beginning January 1941, but up to the end of May orders approved by the British for navicerts totaled only 4,600 bales. The navicert arrangements were clarified on May 1, 1941, with the stipulation that the stocks on hand were not to exceed at any time the requirements for a 3-month period. The 9,000 bales to be

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imported each month could include not more than 2,500 bales of Egyptian long staple. In pre-war years Swiss cotton imports were composed of about 50 percent Egyptian, 25 percent American, and most of the remainder was British Indian and Congo cotton.

Reduced imports in 1941, particularly near the end of the year, were due mainly to reduced shipping facilities and increased hazards resulting from the spread of the war to the Balkans and the Soviet Union. British authorities, however, have been reluctant to grant navicerts as freely as in 1940 because of a German-Swiss commercial agreement concluded early in 1941 under which small but increased quantities of cotton yarn and textiles have been shipped to Germany by Swiss exporters.

Practically all of the 32,000 bales of cotton purchased in the Soviet Union late in 1940 were delivered through Germany before the outbreak of Russo-German hostilities. Imports from that country are now cut off and new supplies are being sought, mainly in the United States. Wholesale prices of American Good Middling quoted in Switzerland during October 1941 averaged about 2.65 Swiss francs per kilogram (27.89 cents per pound) against 1.65 francs (17.33 cents) in October 1940.

Swiss mills have been forced to readjust their operations in view of the anticipated shortage of raw materials. In order to maintain maximum employment in the spinning of the remaining stocks of cotton, mill machinery has been adjusted to produce the finest yarn possible from any given quality of cotton, thus reducing the weight of the yarn produced to about 50 percent of normal.

Increasing quantities of artificial fibers are also being used to supply the deficiency in cotton materials. One new staple-fiber plant was put into operation in September 1941, and two others were under construction at that time. It is estimated that the 3 plants will be capable of producing 27 to 33 metric tons of fiber daily.

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PERU'S 1942 COTTON CROP SMALLER THAN LAST YEAR . . .

The 1942 cotton crop in Peru was estimated by the Cotton Chamber in a preliminary report at 318,000 bales (of 478 pounds) against last year's production of 340,000 bales. The reduction is attributed both to insect damage and the diversion of some 40,000 acres, or 10 percent of the cotton area, to the cultivation of other crops, largely flax. Since picking does not begin in volume until May, it is too early to determine the possible effect of weather conditions on the final yield.

Sales of 1941 cotton registered with the Cotton Chamber prior to January 8, 1942, amounted to 296,000 bales, which, together with unregistered sales, account for the bulk of the 1941 crop. Transactions in 1942 futures to the same date amounted to only 15,000 bales.

Quotations at Lima for Tanguis averaged 75.07 soles per quintal of 46 kilograms (11.39 cents per pound) in November against 73.91 soles (11.21 cents) in October and 47.94 soles (7.27 cents) in November 1940. Corresponding figures for Pima were 101.54 soles (15.40 cents), 100.30 soles (15.21 cents) and 75.68 soles (11.48 cents).

An additional 10-percent tax, effective January 1, 1942, has been levied on all export commodities. The tax applies against the excess of sale prices over basic prices established for tax purposes. In the case of cotton the basic prices are 60 soles (9.10 cents) for Tanguis; 70 soles (10.62 cents) for cotton (presumably Pima) from the Provinces of Ica, Nasca, Caravelí, Castilla, and Camaná; and 75 soles (11.37 cents) for cotton (Pima) from Piura.

Exports of cotton during the first 11 months of 1941 totaled 350,000 bales (of 500 pounds gross) against 214,000 bales during the corresponding period in 1940. Shipments to Japan in 1941 represented 61.3 percent of the total compared with 26.5 percent in 1940, while those to Great Britain, formerly the principal market, declined from 45.4 percent to 4.9 percent. Consequently, the loss of Japan and China as markets, a result of war in the Pacific, has been a serious blow to Peru's cotton-export trade. Heavier exports to the United Kingdom are hardly possible in view of existing transportation difficulties.

Although exports to other Latin American countries during the 11-month period under review amounted to 64,000 bales or 18.3 percent of total exports, no appreciable increase can be expected in 1942 because of the relatively small capacities of the spinning industries of those countries. In addition, competition from Brazilian cotton may become stronger, since that country, like Peru, has lost the important Japanese market. Some hope is expressed for increasing the quota for importations of long-staple Peruvian cotton into the United States. The use of long-staple cotton, mostly Egyptian, in Canadian mills has been relatively insignificant in the past.

Stocks of cotton in Peruvian ports declined from 78,000 bales on November 27, 1941, to 66,000 on December 31, and 58,000 on January 8, 1942, indicating total exports during that 6-week period of approximately 20,000 bales plus any net movement of cotton from plantation warehouses to ports. Port stocks on December 31, 1940, were estimated at 158,000 bales.

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T O B A C C O

CANADIAN TOBACCO CROP ESTIMATE
SHOWS FURTHER INCREASE . . .

The second estimate of the Dominion Bureau of Statistics places the 1941 tobacco crop of Canada at 87.0 million pounds, according to a report received in the Office of Foreign Agricultural Relations from Agricultural Attaché Clifford C. Taylor. This figure represents an increase of 16 percent over the first estimate and 42 percent over the actual production of 61.1 million pounds in 1940. The larger 1941 crop was due principally to a small increase in the planted area (as compared with 1940), combined with favorable growing and harvesting conditions in Ontario, where most of the flue-cured crop is produced.

The two largest tobacco crops in Canadian history (101.4 million pounds in 1938 and 107.7 million in 1939) were coincident with a curtailment of the European market by the war. Thus stocks began to accumulate, and Canadian growers, in order to offset the decline in exports, reduced the planted area from the average of 88,000 acres in 1938 and 1939 to 69,000 acres in 1940 and 1941.

The 1941 crop of flue-cured tobacco, amounting to 69.7 million pounds, was fairly close to the record crop of 79.7 million pounds produced 2 years ago and over 75 percent more than the small crop of 39.1 million pounds in 1940. Flue-cured production was concentrated in Ontario, as usual, but the output in British Columbia continues to expand. Smaller crops of burley, cigar leaf, and pipe types partially offset the increased production of flue-cured.

Production plans for 1942 are largely dependent on the extent to which exports to Britain can be arranged. The previously announced arrangement for the exportation of 8 million pounds to Great Britain is expected to be augmented shortly by an additional 5 million pounds. As Canada uses only about 60 million pounds of the domestic crop (farm weight), it would appear that a further increase in production beyond the 1941 crop would not be justified unless exports of over 20 million pounds can be foreseen. The carry-over from last year represented fully 2 years' domestic requirements.

Approximately all of the 1941 flue-cured crop has been disposed of by producers. About 95 percent of the Ontario crop of 65.5 million pounds was sold at prices averaging very close to the agreed minimum of 22.75 cents per pound. This price is 2.25 cents higher than the minimum price established for the 1940 crop. Part of the increase in price was due to the higher quality of the crop, but, owing probably to some improvement in the stock position, prices were higher, grade for grade. The Quebec and British Columbia flue-cured crops were marketed at prices

averaging 16 and 18 cents per pound, respectively. The established price for the burley crop, estimated at nearly 9 million pounds, is 14.5 cents per pound, compared with 12.2 cents last year. About 90 percent of the cigar-leaf crop, 50 percent of the large and medium pipe types, and all of the small pipe tobacco has been sold. According to a preliminary estimate, the gross farm value of the 1941 crop was about 17.7 million dollars (Canadian), as compared with 10.5 million dollars in 1940.

CANADA: Tobacco acreage and production, 1939-1941

Type and Province	Acreage			Production		
	1939	1940	1941 <u>a/</u>	1939	1940	1941 <u>a/</u>
	<u>Acres</u>	<u>Acres</u>	<u>Acres</u>	<u>1,000 pounds</u>	<u>1,000 pounds</u>	<u>1,000 pounds</u>
Flue-cured -						
Ontario.....	63,820	42,640	48,930	75,294	34,200	65,500
Quebec.....	5,710	5,520	5,800	4,120	4,436	3,480
British Columbia.....	310	450	640	320	508	742
Total flue-cured.....	69,840	48,610	55,370	79,734	39,144	69,722
Burley - Ontario.....	11,190	9,710	7,060	15,248	11,818	8,966
Dark - Ontario <u>b/</u>	2,890	1,100	1,400	3,872	1,466	1,764
Cigar leaf - Quebec.....	4,600	4,370	3,860	5,190	4,694	4,149
Large pipe - Quebec.....	2,830	1,840	680	3,180	2,111	748
Medium pipe - Quebec.....	<u>c/</u>	1,670	1,580	<u>c/</u>	1,593	1,422
Small pipe - Quebec.....	950	580	550	479	310	261
Total, all types....	92,300	67,880	70,500	107,703	61,136	87,032

Compiled from latest official Canadian sources.

a/ Second estimate.

b/ Includes 252,000 pounds grown on 240 acres in Quebec in 1939; Quebec acreage in 1940 included with large pipe tobacco.

c/ Included with large pipe tobacco.

The consumption of tobacco in Canada continues its upward trend. During the 12 months ended September 30, 1941, the estimated consumption of tobacco products (based upon tax-paid withdrawals) was about 51.8 million pounds, or 2.5 percent more than in 1939-40. Cut tobacco accounted for 48 percent of the consumption; cigarettes, 40 percent; and the remainder was made up principally of chewing tobacco and cigars.

An outstanding feature of Canadian tobacco consumption is the decrease in the use of imported tobacco (excepting Turkish). Unmanufactured tobacco from nonsterling countries has been permitted to enter Canada only in limited quantities since December 21, 1940, when the war Exchange Conservation Act became effective. During the year ended

September 30, 1941, Canada imported only 2.6 million pounds of tobacco, including a small quantity of manufactured tobacco products. This quantity compares with an average importation of about 4.5 million pounds in 1938 and 1939. Most of the decline was in flue-cured tobacco from the United States, although that type still constituted more than half of all the imports, and cigar leaf made up the greater part of the balance.

Under authority of the Canadian War Exchange Conservation Act, new regulations, effective January 2, 1942, further restrict the importation of leaf tobacco from nonsterling areas, and the removal of leaf from bonded warehouses by licensed manufacturers. By these regulations, the import quota (based upon the average quantity imported during the 3-year period 1938-1940) is reduced for all types except cigar binder, which remains the same as for 1941.

CANADA: Import quota ratios for leaf tobacco,
1942 compared with 1941

Type	Maximum percentage of average annual imports for 1938-1940	
	1941	1942
	Percent	Percent
Flue-cured	66-2/3	40
Fire-cured.....	75	66-2/3
Latakia	100	66-2/3
Perique	100	66-2/3
Cigar-binder	75	75
Cigar-filler	75	a/

Reported by official sources.

a/ Importation prohibited.

BAHIA HARVESTS SMALLER TOBACCO AREA . . .

Tobacco dealers of Bahia, Brazil, still expect the 1941-42 tobacco crop to be between 25 and 35 million pounds, according to information available in the Office of Foreign Agricultural Relations. Owing to low prices and rather large stocks in the hands of growers, the current crop will be harvested from a considerably reduced area. Approximately 32 million pounds were exported during the first 11 months of 1941, half of which was taken by other South American countries (principally Argentina); most of the remainder went to Spain, Switzerland, and Sweden. Stocks on December 1 amounted to about 37 million pounds. Exporters report market conditions quiet for the latter part of 1941.

L I V E S T O C K A N D A N I M A L P R O D U C T S

CANADA ABOUT FILLS UNITED STATES

LOW-DUTY CATTLE IMPORT QUOTA

FOR LAST HALF OF 1941 . . .

Heavy marketing of Canadian cattle both in Canada and the United States materialized in the last half of 1941, according to early fall expectations. Exports to the United States were larger than anticipated in midsummer.

The United States quarterly import quota of 51,720 head allotted to Canada at the reduced rate of 1.5 cents per pound (3 cents regular tariff rate) for heavy cattle was about filled in the last two quarters of the year. Cattle imports from Canada within this category for the third quarter totaled 47,235 head, and almost reached quota proportions, while the quota for the last 3-month period was filled by the end of December, according to the release of the United States Treasury Department under date of December 31, 1941. As the number entered in the first half of the year was less than 50 percent of the quota, it is not believed that the annual low-duty quota of 193,950 head was exceeded, although complete figures for the year are not as yet available.

The annual quota of 100,000 calves permitted entry at the low-duty rate of 1.5 cents (regular 2.5 cents) from all countries, was filled before the end of November. Heavy-cattle imports into the United States from Canada under the quarterly quotas during 1941 were as follows, with percentage of the preceding year in parentheses: First 23,817 head (122.5 percent), second 26,324 (70 percent), third 47,235 (155 percent) fourth 51,720 (139 percent), total 159,096 head (127 percent). All of these cattle were entered at the reduced rate of duty. Canada had already sent 21,580 head, or 42 percent of the quota for the first quarter of 1942 by January 17.

Several factors lead to the conclusion that the number of cattle in Canada on December 1, 1941, was little if any larger than in 1940, when the number was 8,316,000. Heavy slaughter this fall for domestic consumption and larger exports to the United States are partly responsible for this belief. Cwing to the scarcity of feed in the East and the abundance in the West, the June-November movement to eastern feeding lots was nearly 75,000 head smaller than a year earlier. Increases in the calf crop in the West were probably offset by decreases in the East. The increase of 21 percent in inspected slaughter of cattle and 4 percent in calves, in the period June-November 1941 compared with the same period a year earlier, combined with the fact that consumption of pork was restricted in order to meet British bacon requirements, indicates increased beef and veal consumption in 1941 as compared with 1940. Then too, heavier exports since June as a result of higher prices in the United States would tend to keep December numbers at about the same as a year ago.

CANADA: Cattle slaughter, June-November and
December-May, 1936-37 to 1941-42

Period	Inspected slaughter			Total slaughter and exports		
	Cattle	Calves	Total	Cattle	Calves	Total
	Thou- sands	Thou- sands	Thou- sands	Thou- sands	Thou- sands	Thou- sands
<u>1936-37</u>						
June-November ...	631.1	358.3	989.4	a/	a/	a/
December-May	497.1	362.1	859.2	a/	a/	a/
Total	1,128.2	720.4	1,848.6	1,495.5	1,259.6	2,755.1
<u>1937-38</u>						
June-November ...	666.5	442.9	1,109.4	a/	a/	a/
December-May	443.0	356.3	799.3	a/	a/	a/
Total	1,109.5	799.2	1,908.7	1,454.0	1,350.0	2,804.0
<u>1938-39</u>						
June-November ...	538.6	369.4	908.0	a/	a/	a/
December-May	493.9	372.0	865.9	a/	a/	a/
Total	1,032.5	741.4	1,773.9	1,318.6	1,273.4	2,592.0
<u>1939-40</u>						
June-November ...	593.6	391.7	985.3	a/	a/	a/
December-May	468.8	368.1	836.9	a/	a/	a/
Total	1,062.4	759.8	1,822.2	1,328.2	1,219.4	2,547.6
<u>1940-41</u>						
June-November ...	570.9	411.4	982.3	a/	a/	a/
December-May	479.4	349.4	828.8	a/	a/	a/
Total	1,050.3	760.8	1,811.1	1,300.3	1,330.8	2,631.1
<u>1941-42</u>						
June-November ...	688.2	426.6	1,114.8	a/	a/	a/
December-May	a/	a/	a/	a/	a/	a/
Total	a/	a/	a/	a/	a/	a/

Compiled from official sources.

a/ Not available.

Cattle numbers in Canada have almost entirely recovered from the losses sustained in 1937 and 1938 as a result of severe droughts in the Prairie Provinces. The number on June 1, 1941, was 8,798,000, compared with 8,565,000 in 1940 and 8,840,000 in 1937, before the losses occurred in that year. Cattle numbers in June 1939 were estimated at only 8,475,000, the lowest level reached since 1931. December estimates are always smaller than in June, owing to heavy fall slaughtering.

CANADA: Distribution of beef and dairy cattle, by Provinces,
June 1940 and 1941

Province	Beef cattle		Dairy cattle		Beef and dairy		Total	
	1940	1941	1940	1941	1940	1941	1940	1941
	Thou-sands	Thou-sands	Thou-sands	Thou-sands	Thou-sands	Thou-sands	Thou-sands	Thou-sands
<u>Eastern Canada</u>								
Maritimes	75	71	336	330	126	124	537	525
Quebec	104	103	1,249	1,226	442	446	1,795	1,775
Ontario	430	449	1,451	1,467	636	656	2,517	2,572
<u>Western Canada</u>								
Manitoba	130	143	433	403	210	210	773	756
Saskatchewan	243	270	633	674	373	406	1,249	1,350
Alberta	446	504	518	525	403	429	1,367	1,458
British Columbia	101	123	160	163	66	76	327	362
Total	1,529	1,663	4,780	4,788	2,256	2,347	3,565	3,798

Compiled from official sources.

Beef- and dairy-cattle types cannot be precisely segregated in Canada. At different times of the year the same cows may be considered as dairy and later as beef cows. Dairy cattle predominate in the East, although beef herds of fair proportions are found on the low moist dike lands, which fingerlike penetrate the hillside apple orchards of Nova Scotia and on the western shore of the Ontario peninsula.

In the West, dairy, beef, and dual-purpose cattle vie for supremacy in the Prairie Provinces, although dairy cattle predominate across the northern park belt and in the vicinity of Vancouver, British Columbia. In the remaining areas of the Prairie Provinces, in southwestern Saskatchewan, southern Alberta, and the mountainous areas of Alberta and British Columbia, beef cattle predominate.

INCREASE IN ARGENTINE HIDE AND SKIN PRODUCTION AND TRADE . . .

Argentina's production and trade in hides and skins during the first 10 months of 1941 continued well above the same period for 1940, according to recent information received in the Office of Foreign Agricultural Relations. The United States remained by far the heaviest purchaser, while the United Kingdom and Japan were the next largest markets.

ARGENTINA: Production of hides and skins, October,
and January-October 1940 and 1941 ^{a/}

Classification	October		January-October	
	1940	1941	1940	1941
	Pieces	Pieces	Pieces	Pieces
<u>Cattle hides -</u>				
In packing houses ...	189,082	285,493	2,410,297	2,877,411
Others	109,344	104,909	1,239,462	1,305,678
Total	298,426	390,402	3,649,759	4,183,089
<u>Sheepskins -</u>				
In packing houses ...	559,931	686,036	3,879,096	3,910,382
Others	61,487	60,355	423,259	440,041
Total	621,418	746,391	4,302,355	4,350,423
<u>Pigskins -</u>				
In packing houses ...	48,802	110,977	406,228	770,509
Others	38,965	47,119	360,175	402,532
Total	87,767	158,096	766,403	1,173,041

Compiled from report of United States Embassy, Buenos Aires.

^{a/} Estimated from slaughter figures.

In total volume, shipments of hides and skins increased 20 percent, while prices increased 32 percent during the January-October period of 1941 as compared with the same 10 months of 1940. Cattle-hide exports increased 15 percent, from 238 million pounds to 279 million pounds, while values increased 21 percent. Sheepskin shipments increased 14 percent from 21 million pounds to 24 million pounds. Values increased 16 percent.

ARGENTINA: Exports of hides and skins,
October 1941, with comparisons

Classification	1940	October		January-October	
		1940	1941	1940	1941
	pounds	pounds	pounds	pounds	pounds
Goatskins	3,329	258	428	2,707	4,279
Kidskins	165	9	9	157	99
Lambskins	597	-	225	597	1,892
Small lambskins	203	7	55	165	293
Sheep pelts, salted or dried .	14,334	862	895	12,066	12,509
Sheepskins, woolled	10,952	750	637	8,056	9,650
Horsehides, salted	4,526	564	357	3,543	5,512
Horsehides, dried	2,385	190	88	1,261	2,544
Cattle hides, salted	267,795	19,857	18,552	219,926	264,662
Cattle hides, dried	21,940	893	527	18,106	14,738

Hide and skin trading between the United States and Argentina was suspended from October 3 to 24 because of a lack of definite information concerning the Argentine-United States trade agreement. Active buying was resumed on the latter date, however, with the United Kingdom also making substantial purchases beginning October 20. Shipments were also made to Japan and Sweden. The United States continued to trade principally in wet-salted cattle hides, and pickled sheep- and lambskins. Total United States purchases of Argentine hides and skins, excluding small quantities of deer- and elkskins, reptile skins, and miscellaneous hides and skins, increased 96 percent, from 101 million pounds during the first 10 months of 1940 to 198 million pounds during the corresponding period of 1941.

UNITED STATES: Imports of hides and skins from Argentina,
January-October, 1940 and 1941 a/

Classification	January-October	
	1940	1941
	1,000	1,000
	<u>pounds</u>	<u>pounds</u>
Cattle hides - Dry	2,696	5,594
Wet	74,868	162,674
Kipskins - Dry	401	937
Wet	810	502
Calfskins - Dry	234	137
Wet	37	-
Horse, colt, and ass skins - Dry	1,297	2,678
Wet	4,502	5,424
Sheep- and lambskins, dry, green, and woolled	1,399	4,664
Sheep and lamb slats, dry	16	112
Sheep and lamb, pickled skins, fleshers, and skivers	11,976	11,476
Goat- and kidskins - Dry	2,862	4,106
Wet	6	24
Total	101,104	198,328

Compiled from official records, Bureau of Foreign and Domestic Commerce.
a/ Does not include small quantities of deer- and elkskins, reptile skins, and miscellaneous skins.

Argentina has been the principal supplier of hides and skins to the United States since the latter country initiated large purchases to help supply its defense needs. Although Argentina consumes about 70 percent of the beef it produces, the domestic consumption of hides and skins is not large. Thus, large quantities are freed for export, the majority of which have been going to the United States. As long as the Argentine and other South American supplies are kept available, the United States is not likely to suffer a shortage of essential hides and skins during the present war.

GENERAL AND MISCELLANEOUS

FOREIGN EXCHANGE . . .

EXCHANGE RATES: Average value in New York of Chinese, Japanese, and some European currencies during last full month for which rates were available a/

Country	Unit	Month	Value in United States currency
			Cents
Belgium	Belga	April 1940	16.89
Denmark	Krone	March 1940	19.31
France	Franc	May 1940	1.85
Germany b/	Reichsmark	May 1941	39.97
Greece b/	Drachma	September 1940 ..	0.66
Italy b/	Lira	May 1941	5.09
Netherlands	Guilder	April 1940	53.08
Norway	Krone	March 1940	22.71
Portugal	Escudo	May 1941	4.00
Spain b/	Peseta	May 1941	9.13
Sweden	Krona	May 1941	23.84
Switzerland	Franc	May 1941	23.20
China b/	Yuan (Shanghai) ..	June 1941	5.34
Japan	Yen	June 1941	23.44

Federal Reserve Board.

a/ Noon buying rates for cable transfers. Last daily rate reported on April 8, 1940, for the Danish and Norwegian kroner, now officially equal to 0.50 and 0.60 reichsmarks respectively; on May 9, 1940, for the belga and guilder, now officially equal to 0.40 and 1.33 reichsmarks respectively; on June 15, 1940, for the French franc, now officially equal, in the occupied area, to 0.05 reichsmarks; on October 26, 1940, for the drachma; on June 14, 1941, for the other European countries; and on July 26, 1941 for the yen and yuan (Shanghai).

b/ Quotations nominal.

EXCHANGE RATES: Average value in New York of specified currencies,
January 24, 1942, with comparisons a/

Country	Monetary unit	Year 1941	Month				Week ended		
			1939	1940	1941		1941	1942	
			Dec.	Dec.	Nov.	Dec.	Jan. 10	Jan. 17	Jan. 24
			Cents	Cents	Cents	Cents	Cents	Cents	Cents
Argentina b/	Paper Peso	29.77	29.77	29.77	29.77	29.77	29.77	29.77	29.77
Australia c/	Pound	321.27	313.13	321.50	321.43	321.50	321.50	321.50	321.50
Brazil d/	Milreis	5.07	5.03	5.02	5.09	5.13	5.13	5.13	5.13
British India	Rupee	30.14	30.03	30.18	30.15	30.13	30.12	30.12	30.12
Canada c/	Dollar	87.32	87.62	86.56	88.60	87.39	87.46	88.28	88.13
Mexico e/	Peso	20.54	18.19	20.45	20.54	20.56	20.57	20.56	20.56
South Africa	Pound	398.00	397.41	398.00	398.00	398.00	398.00	398.00	398.00
Straits Settlements	Dollar	47.13	46.10	47.10	47.16	47.16	47.15	47.09	46.90
United Kingdom c/	Pound	403.18	393.01	403.50	403.24	403.50	403.50	403.50	403.50

Federal Reserve Board.

a/ Noon buying rates for cable transfers.

b/ Official, regular exports. The special export rate of 23.70 cents, reported beginning March 27, 1941, applies to exchange derived from certain minor exports (e.g. dairy products) to certain countries (e.g. United States), such exchange formerly having been sold in the free market. Quotations nominal.

c/ Free. Official rates: Australia 322.80 cents; Canada 90.91 cents; United Kingdom 403.50 cents. Most transactions between these countries and the United States must take place at the official buying and selling rates.

d/ Free. Since April 10, 1939, 30 percent of the exchange derived from exports must be turned over at the official buying rate of 6.06 cents, the weighted average value of the milreis being 5.37 cents in 1941, 5.41 cents in December 1941, and 5.41 cents in the week ended January 24, 1942. Quotations nominal.

e/ Quotations nominal.

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